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CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

Financial Statements for the Year Ended
June 30, 1999 and Independent Auditors'
Report

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the state, or local, or other public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-16-00

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

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INDEPENDENT AUDITORS' REPORT

Most Reverend Francis B. Schulte, D.D., President
Catholic Charities Archdiocese of New Orleans
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Catholic Charities Archdiocese of New Orleans (the "Agency") as of June 30, 1999, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Catholic Charities Archdiocese of New Orleans as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 1998, from which the summarized information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 1999 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Deloitte & Touche LLP

November 19, 1999

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

STATEMENTS OF FINANCIAL POSITION JUNE 30, 1999 AND 1998

ASSETS	1999	1998
Cash	\$ 516,569	\$ 127,166
Investments	3,639,229	3,824,230
Accounts receivable	3,746,881	2,478,192
Prepaid expenses and deferred charges	27,179	21,392
Property and equipment, net	8,639,062	8,542,449
TOTAL ASSETS	\$16,568,920	\$14,993,429
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Managed cash overdraft	\$ 338,317	\$ 443,820
Accounts payable and accrued expenses	1,113,231	982,368
Deferred revenue	614,178	531,111
Funds held for the account of others	2,387,830	2,353,976
Loans payable	2,928,236	2,418,192
Total liabilities	7,381,792	6,729,467
NET ASSETS:		
Unrestricted	6,849,971	6,953,466
Temporarily restricted	2,337,157	1,310,496
Total net assets	9,187,128	8,263,962
TOTAL LIABILITIES AND NET ASSETS	\$16,568,920	\$14,993,429

See notes to financial statements.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 1999, WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

	Unrestricted	Temporarily Restricted	Total	
			1999	1998
REVENUES:				
Public support:				
Contributions	\$ 1,028,877	\$ 168,231	\$ 1,197,108	\$ 1,943,343
Contributed by associated organizations	99,607		99,607	102,959
Allocated by United Way of St. John Parish	44,468		44,468	48,000
Allocated by United Way of St. Charles Parish	107,910		107,910	108,500
Allocated by United Way for the Greater New Orleans Area	1,361,650	1,380,649	2,742,299	1,354,372
Allocated by United Way for Southeast Louisiana	-		-	5,000
United Way designations	155,828		155,828	108,174
United Way Combined Federal Campaign	22,013		22,013	2,552
Special events (net of direct costs of \$49,953 and \$45,383)	87,799		87,799	78,539
Total public support	<u>2,908,152</u>	<u>1,548,880</u>	<u>4,457,032</u>	<u>3,751,439</u>
Fees and grants from governmental agencies	<u>14,046,180</u>		<u>14,046,180</u>	<u>13,310,547</u>
Other revenue:				
Contributed goods and services	1,098,387		1,098,387	1,038,307
Program service fees	1,573,380		1,573,380	1,925,006
Investment income	75,457	1,425	76,882	139,988
Miscellaneous	106,427		106,427	53,332
Net assets released from restrictions - operations	523,644	(523,644)	-	-
Total other revenue	<u>3,377,295</u>	<u>(522,219)</u>	<u>2,855,076</u>	<u>3,156,633</u>
Total revenues	<u>20,331,627</u>	<u>1,026,661</u>	<u>21,358,288</u>	<u>20,218,619</u>
EXPENSES:				
Program services:				
Case management	29,348		29,348	-
Big brothers/Big sisters	-		-	38,439
Foster grandparents	355,310		355,310	357,461
Clinical counseling	384,693		384,693	416,548
Maternity	241,682		241,682	229,829
Transitional housing	81,591		81,591	84,501
Adult day health care	1,004,997		1,004,997	975,757
Child day care	2,663,546		2,663,546	2,396,869
Emergency assistance	67,639		67,639	60,441
Emergency shelter	860,807		860,807	711,754
Job search	316,544		316,544	242,870
Domestic violence	605,186		605,186	502,267
Aids services	391,453		391,453	353,758
Psychiatric rehap option	-		-	(873)
Adult residential care	2,486,903		2,486,903	2,548,127
Child residential care	9,139,579		9,139,579	8,873,881
Immigrant/refugee services	611,669		611,669	594,747
Family preservation	112,449		112,449	106,287
Deaf action center	404,636		404,636	556,290
Branch offices	254,053		254,053	243,286
Senior groups	19,494		19,494	25,028
Social adjustment	349,167		349,167	360,961
Parish social ministry	53,170		53,170	83,238
Other	1,206		1,206	1,289
Total expenses	<u>20,435,122</u>		<u>20,435,122</u>	<u>19,762,755</u>
CHANGE IN NET ASSETS	(103,495)	1,026,661	923,166	455,864
NET ASSETS AT BEGINNING OF YEAR	<u>6,953,466</u>	<u>1,310,496</u>	<u>8,263,962</u>	<u>7,808,098</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,849,971</u>	<u>\$ 2,337,157</u>	<u>\$ 9,187,128</u>	<u>\$ 8,263,962</u>

See notes to financial statements.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

STATEMENTS OF CASH FLOWS YEAR ENDED JUNE 30, 1999 AND 1998

	1999	1998
OPERATING ACTIVITIES:		
Change in net assets	\$ 923,166	\$ 455,864
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	670,115	615,994
Unrealized gain on investments	(79,525)	(251,815)
Changes in assets and liabilities:		
Accounts receivable	(1,268,689)	60,115
Prepaid expenses and deferred charges	(5,787)	22,979
Managed cash overdraft	(105,503)	(32,053)
Accounts payable and accrued expenses	130,863	(253,656)
Deferred revenue	83,067	(43,828)
Funds held for the account of others	33,854	146,720
	<u>381,561</u>	<u>720,320</u>
INVESTING ACTIVITIES:		
Net investment activity	264,526	9,275
Purchases of property and equipment	(829,588)	(568,625)
Property and equipment disposals	62,860	51,257
	<u>(502,202)</u>	<u>(508,093)</u>
FINANCING ACTIVITIES:		
Net borrowings (payments) under line of credit agreement	521,000	(261,000)
Repayment of loans payable	(10,956)	(84,004)
	<u>510,044</u>	<u>(345,004)</u>
NET INCREASE (DECREASE) IN CASH	389,403	(132,777)
CASH AT BEGINNING OF YEAR	127,166	259,943
CASH AT END OF YEAR	<u>\$ 516,569</u>	<u>\$ 127,166</u>

See notes to financial statements.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1999, WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

	Case Management	Foster Grandparents	Clinical Counseling	Maternity	Transitional Housing	Adult Day Health Care	Child Day Care	Emergency Assistance
Salaries and vacation benefits	\$ 15,063	\$ 43,054	\$ 223,336	\$ 80,142	\$ 13,733	\$ 449,163	\$ 1,453,229	\$ 16,796
Employee health and retirement benefits	121	3,745	15,749	7,518	49	18,445	58,486	127
Payroll taxes	112	3,751	18,903	6,882	1,283	40,438	124,182	1,527
Total salaries and related expenses	15,296	50,550	257,988	94,542	15,065	508,046	1,635,897	18,450
Professional fees and contract service payments	1,548	211,097	29,290	25,751	5,812	117,843	185,003	3,082
Supplies	151	3,960	4,011	8,481	642	148,905	284,937	1,519
Telephone		67	4,074	5,350		7,450	11,635	
Postage and shipping		27	303	(2,915)		1,037	73	
Occupancy		4,486	47,954	43,614	13,990	92,040	219,484	4,057
Travel and transportation		1,279	800	3,220	212	14,974	11,840	7
Conferences, conventions and meetings		12	613	1,013		2,569	8,937	
Printing and publications	23		628	1,379	62	3,308	4,091	50
Specific assistance to individuals	12,330	61,434	690	32,331	38,938	24,525	15,519	31,769
Organization dues		75		16		1,490		
Management and general		22,244	36,632	28,304	6,870	77,808	193,429	8,705
Miscellaneous		79	113	157		974	40,053	
Interest								
Depreciation			1,597	439		4,028	52,648	
TOTAL EXPENSES	\$ 29,348	\$ 355,310	\$ 384,693	\$ 241,682	\$ 81,591	\$ 1,004,997	\$ 2,663,546	\$ 67,639

(Continued)

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1999, WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

	Emergency Shelter	Job Search	Domestic Violence	Aids Services	Adult Residential Care	Child Residential Care	Immigrant/ Refugee Services
Salaries and vacation benefits	\$ 461,951	\$ 171,090	\$ 286,673	\$ 170,561	\$ 1,064,851	\$ 5,079,493	\$ 337,348
Employee health and retirement benefits	22,171	11,069	18,613	13,986	52,492	226,759	19,875
Payroll taxes	41,303	14,988	24,134	14,708	96,396	389,333	29,608
Total salaries and related expenses	525,425	197,147	329,420	199,255	1,213,739	5,695,585	386,831
Professional fees and contract service payments	54,533	29,977	38,691	26,212	177,696	753,122	47,967
Supplies	76,822	15,805	36,445	6,650	182,754	556,918	31,093
Telephone	4,923	72	4,513	1,575	14,482	27,769	3,826
Postage and shipping		116	448	644	612	1,725	1,773
Occupancy	81,143	30,706	79,319	32,076	272,968	524,282	47,096
Travel and transportation	1,536	1,538	2,607	16,703	59,722	80,962	12,482
Conferences, conventions and meetings	345	2,565	1,812	1,922	1,956	23,315	3,539
Printing and publications	2,441	2,147	939	1,223	841	16,032	4,323
Specific assistance to individuals	4,887	2,155	1,401	64,234	265,110	310,423	16,697
Organization dues	1,100	250	1,580		1,463	8,231	1,128
Management and general	79,618	30,831	59,671	32,362	183,634	706,341	51,041
Miscellaneous		60	93	164	490	11,047	807
Interest							
Depreciation	28,034	3,175	48,247	8,433	24,206	423,827	3,066
TOTAL EXPENSES	\$ 860,807	\$ 316,544	\$ 605,186	\$ 391,453	\$ 2,486,903	\$ 9,139,579	\$ 611,669

(Continued)

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 1999, WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

	Family Preservation	Deaf Action Center	Branch Offices	Senior Groups	Social Adjustment	Parish Social Ministry	Other	Total
	1999	1998	1999	1998	1999	1998	1999	1998
Salaries and vacation benefits	\$ 67,267	\$ 164,308	\$ 152,765	\$ 9,220	\$ 118,544	\$ 35,077	\$ -	\$ 9,961,241
Employee health and retirement benefits	2,198	9,861	10,300	533	8,575	2,838	-	439,702
Payroll taxes	6,041	14,368	12,835	917	7,997	1,357	-	814,868
Total salaries and related expenses	75,506	188,537	175,900	10,670	135,116	39,272	-	11,215,811
Professional fees and contract service payments	5,696	130,960	12,909	846	20,107	3,091	-	1,898,012
Supplies	4,128	12,943	5,776	623	96,088	1,872	-	1,556,959
Telephone	12	829	3,037	-	2,197	141	-	77,254
Postage and shipping	17	674	670	235	99	327	-	14,756
Occupancy	6,626	21,508	20,063	1,933	39,382	2,577	-	1,550,861
Travel and transportation	2,538	9,550	129	-	8,233	721	-	219,138
Conferences, conventions and meetings	522	1,323	1,631	244	149	522	-	49,472
Printing and publications	1,073	2,754	3,943	-	4	198	-	50,106
Specific assistance to individuals	290	-	-	-	8,431	-	-	879,816
Organization dues	-	873	-	-	-	40	-	15,209
Management and general	15,601	33,558	29,240	4,943	33,074	3,407	-	1,546,934
Miscellaneous	-	62	58	-	100	-	1,206	46,310
Interest	-	-	-	-	-	-	-	26,123
Depreciation	440	1,065	697	-	6,187	1,002	-	615,994
TOTAL EXPENSES	\$ 112,449	\$ 404,636	\$ 254,053	\$ 19,494	\$ 349,167	\$ 53,170	\$ 1,206	\$ 19,762,755

See notes to financial statements.

(Concluded)

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1999, WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Catholic Charities Archdiocese of New Orleans (the "Agency"), a not-for-profit charitable organization of the Roman Catholic Church of the Archdiocese of New Orleans, operates community social service programs and provides administrative support and financial management services to separately operated charitable programs which it sponsors. The accompanying financial statements include the accounts of all charitable programs which it operates or sponsors.

Basis of Presentation - The Agency classifies its resources for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories follows:

Unrestricted - Assets and contributions that are not restricted by donors or for which there are no restrictions.

Temporarily restricted - A donor-imposed restriction that permits the Agency to use the donated assets as specified. The use of the assets is restricted until passage of time or by actions of the organization.

Permanently restricted - A donor-imposed restriction that stipulates that resources be maintained permanently but permits the use of all or part of the income derived.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

The value of contributed goods and services has been recorded as support and revenue and expense in the period received provided there is an objective basis for measurement of the value of such goods and services and they are significant and form an integral part of the efforts of the program.

Allocation of Costs to Programs - The costs of administrative support that relate to more than one program have been allocated to the separate programs based on units of service, volume of activity or other equitable basis.

Investments - Investments are recorded at market value based on quoted market prices. Gains and losses, both realized and unrealized, are included in the statement of activities.

Property and Equipment - Property and equipment are carried at purchased cost or appraised values when acquired by donation or gift, with subsequent additions at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful lives of the improvements.

The estimated useful lives used in determining depreciation and amortization follow:

Buildings and improvements	20 - 60 years
Leasehold improvements	10 years
Equipment	5 years
Vehicles	3 years

Income Taxes - The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Prior Year Financial Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class in the statements of activities and functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 1998, from which the summarized information was derived.

Reclassifications - Certain reclassifications have been made to the 1998 financial statements to conform with the 1999 presentation.

2. INVESTMENTS

Investments are comprised of the following:

	June 30, 1999		June 30, 1998	
	Cost	Market Value	Cost	Market Value
Certificates of deposit	\$ 288,000	\$ 288,000	\$ 96,000	\$ 96,000
Money market funds	140,672	140,672	562,315	562,315
Mutual funds	2,175,802	3,210,557	2,210,685	3,165,915
Corporate stocks	<u>25,685</u>	<u>-</u>	<u>25,685</u>	<u>-</u>
Total	2,630,159	3,639,229	2,894,685	3,824,230
Less allowance for unrealized losses on corporate stocks	<u>(25,685)</u>	<u>-</u>	<u>(25,685)</u>	<u>-</u>
Total investments	<u>\$2,604,474</u>	<u>\$3,639,229</u>	<u>\$2,869,000</u>	<u>\$3,824,230</u>

The corporate stocks held at June 30, 1999 and 1998 consist of unlisted securities.

The ownership of the investments at June 30, 1999 and 1998 is as follows:

	1999	1998
Unrestricted net assets	\$ 811,460	\$1,051,630
Temporarily restricted net assets	523,178	531,538
Funds held for the account of others	<u>2,304,591</u>	<u>2,241,062</u>
Total	<u>\$3,639,229</u>	<u>\$3,824,230</u>

3. PROPERTY AND EQUIPMENT, NET

A summary of property and equipment at June 30, 1999 and 1998 follows:

	1999	1998
Buildings and improvements	\$11,484,133	\$11,046,087
Leasehold improvements	1,743,861	1,584,904
Equipment	2,777,063	2,624,699
Vehicles	<u>755,701</u>	<u>707,335</u>
	16,760,758	15,963,025
Less accumulated depreciation and amortization	<u>(8,592,427)</u>	<u>(7,891,307)</u>
	8,168,331	8,071,718
Land	<u>470,731</u>	<u>470,731</u>
Total property and equipment, net	<u>\$ 8,639,062</u>	<u>\$ 8,542,449</u>

4. LOANS PAYABLE

Loans payable at June 30, 1999 and 1998 are summarized as follows:

	1999	1998
Unsecured demand borrowings, pursuant to a line of credit permitting borrowings up to \$2.8 million, bearing interest at the bank's prime rate plus 1/2% (7.75% and 8.25% at June 30, 1999 and 1998, respectively), due April 2000, guaranteed by the Roman Catholic Church of the Archdiocese of New Orleans	\$2,426,000	\$1,905,000
Mortgage notes payable in monthly installments approximating \$2,750, including interest at an annually adjustable rate (ranging from 5.76% to 8.04% in 1999 and 5.97% to 8.91% in 1998); final installments due between December, 2013 and July, 2015; collateralized by real estate with a net book value approximating \$359,000 and \$375,000 at June 30, 1999 and 1998, respectively	302,716	313,672
Promissory note to Roman Catholic Church of the Archdiocese of New Orleans, non-interest bearing, no scheduled repayment	<u>199,520</u>	<u>199,520</u>
Total loans payable	<u>\$2,928,236</u>	<u>\$2,418,192</u>

In April 1999, the Agency obtained a \$1.0 million line of credit with a commercial bank. The line of credit is available until April 2000, at which time the amount then outstanding becomes due and payable. Interest accrues at the Prime Rate and is payable monthly commencing on February 1, 2000. At June 30, 1999, no amounts were outstanding under this line of credit.

Annual principal payments on loans payable for each of the next five years and in total thereafter at June 30, 1999 follow:

Year Ending June 30,	
2000	\$2,636,475
2001	11,955
2002	12,955
2003	13,955
2004	14,955
Thereafter	<u>237,941</u>
Total	<u>\$2,928,236</u>

Interest paid during 1999 and 1998, all of which was charged to operations, approximated \$185,000 and \$171,000, respectively.

5. RETIREMENT PLAN

The Agency has a defined contribution retirement plan covering substantially all of its employees. Under the plan, Agency contributions, if any, are determined annually at the discretion of the Agency. The Agency authorized a contribution of \$200,800 and \$199,000, for 1999 and 1998, respectively.

6. RELATED PARTIES

The Archbishop of New Orleans serves as president of Catholic Charities Archdiocese of New Orleans. He also serves as president of all other corporations, boards of trustees and separate organizations sponsored by or operated under the auspices of the Archdiocese of New Orleans.

In the normal course of operations, the Archdiocese of New Orleans has made and will, when necessary, make available to the Agency and its affiliated agencies specific assistance in the form of operating subsidies, loans, loan guarantees, use of facilities and administrative support.

During the fiscal years ended June 30, 1999 and 1998, the Agency purchased computer hardware and software from a related party for approximately \$86,000 and \$94,000, respectively.

7. OPERATING LEASE OBLIGATIONS

The Agency operates a portion of its community social service programs in leased facilities under operating leases expiring at various dates through the fiscal year 2004. The leases are subject to cancellation under certain circumstances, including substantial changes in funding in the Agency's programs. The following is a schedule by years of future minimum rental payments required under those leases and equipment leases that have initial or remaining lease terms in excess of one year as of June 30, 1999:

Year Ending June 30,	
2000	\$ 191,382
2001	42,261
2002	33,260
2003	20,043
2004	<u>6,719</u>
Total minimum payments required	<u>\$ 293,665</u>

Total rental expense for all operating leases for the years ended June 30, 1999 and 1998 approximated \$333,000 and \$345,000, respectively.

8. CONTINGENCIES

The Agency receives a substantial amount of its support from the federal and state government. A significant reduction in the level of this support, if this were to occur, may have a material effect on the Agency's programs and activities.

The Agency is required to submit reports to various funding sources to substantiate the support received. These reports are subject to audit and/or approval by the respective funding sources.

The Agency is a party to various litigation and other claims, the outcome of which cannot be presently determined. Management's opinion is that the outcome of such matters would not have a significant effect on the Agency's financial position.

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CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

Independent Auditors' Reports and Information
Required by *Government Auditing Standards*
for the Year Ended June 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date _____

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Most Reverend Francis B. Schulte, D.D., President
Catholic Charities Archdiocese of New Orleans
New Orleans, Louisiana

We have audited the financial statements of Catholic Charities Archdiocese of New Orleans (the "Agency"), as of and for the year ended June 30, 1999, and have issued our report thereon dated November 19, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization and the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche US

November 19, 1999



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR PROGRAM, AND ON THE SCHEDULE OF GOVERNMENTAL FINANCIAL ASSISTANCE

Most Reverend Francis B. Schulte, D.D., President
Catholic Charities Archdiocese of New Orleans
New Orleans, Louisiana

Compliance

We have audited the compliance of Catholic Charities Archdiocese of New Orleans (the "Agency"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 99-1.

Internal Control Over Compliance

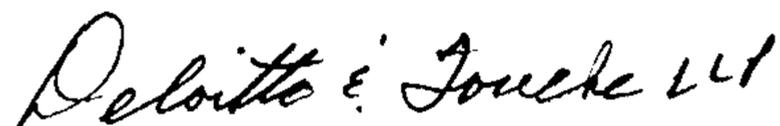
The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Governmental Financial Assistance

We have audited the financial statements of the Agency as of and for the year ended June 30, 1999, and have issued our report thereon dated November 19, 1999. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of governmental financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization and the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



November 19, 1999

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

SUPPLEMENTARY SCHEDULE OF GOVERNMENTAL FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 1999

	Federal CFDA #	Revenue on Accrual Basis
Passed through the State of Louisiana and other local agencies:		
Department of Social Services		
Office of Community Service		
- Child Residential Care	93.667	\$ 3,189,093
- Child Day Care	93.667	238,357
- Refugee Social Services	93.566	267,898
- Targeted Assistance	93.566	78,271
- Social Services Block Grant	93.667	102,966
- Residential Supervised Apartment	93.667	95,789
- Independent Living	93.674	<u>236,849</u>
		<u>4,209,223</u>
Department of Health and Hospitals		
Office of the Secretary		
- Adult Residential Care	93.778	1,557,395
- Child Residential Care	93.778	1,556,519
- Adult Day Health Care	93.778	159,838
- Maternity	93.778	<u>15,114</u>
		<u>3,288,866</u>
Department of Public Safety and Corrections -		
Office of Youth Development		
- Child Residential Care	93.Unknown	<u>2,092,708</u>
Total Community Action		
- Child Day Care	93.600	<u>1,118,482</u>
Department of Education - Special Food Program		
- Child Day Care	10.558	261,317
- Adult Day Health Care	10.558	<u>72,192</u>
		<u>333,509</u>
Department of Social Services		
Louisiana Rehabilitation Services		
- Deaf Action Center	84.126A	<u>121,883</u>
Corporation for National Service		
- Foster Grandparents	94.011	<u>286,487</u>
Office of Mental Health and Substance Abuse		
- Adult Residential Care	93.Unknown	<u>375,582</u>
Department of Housing and Urban Development -		
Jefferson Parish Community Development Department		
State Emergency Shelter Grant		
- Emergency Shelter Care	14.231	<u>77,726</u>

(Continued)

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

SUPPLEMENTARY SCHEDULE OF GOVERNMENTAL FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 1999

	Federal CFDA #	Revenue on Accrual Basis
Department of Housing and Urban Development Jefferson Parish Community Development - Emergency Shelter Care	14.218	<u>233,000</u>
Department of Labor - Jefferson Parish Community Development Department - Job search	17.253	<u>50,773</u>
United States Department of Justice - Passed through United States Catholic Conference - Match Grant Program	93.567	<u>35,016</u>
United States Department of State - Passed through United States Catholic Conference - Reception and Placement Program	19.Unknown	<u>14,720</u>
Department of Social Services - Office of Family Support - Job Search - Immigrant/Refugee Services	93.561 13.781	187,561 <u>(348)</u> <u>187,213</u>
Louisiana Office of Women's Services - Domestic Violence	93.671	<u>248,559</u>
City of New Orleans - Community Block Grant - Social Adjustment - Emergency Shelter Care - AIDS Services	14.218 14.231 14.241	36,602 <u>(4,806)</u> <u>(2,854)</u> <u>28,942</u>
Department of Housing and Urban Development - City of New Orleans Housing Opportunities for Persons with AIDS (HOPWA) - AIDS Services	14.263	<u>138,289</u>
U.S. Department of Justice Office of Justice Programs - City of New Orleans Office of Criminal Justice - Domestic Violence - Immigrant/Refugee Services	16.590 16.590	21,861 <u>7,146</u> <u>29,007</u>
Louisiana Department of Social Services - City of New Orleans State Emergency Shelter Grant - Domestic Violence	14.231	<u>23,392</u>
Department of Housing and Urban Development - City of New Orleans Emergency Shelter Grant - Emergency Shelter Care	14.231	<u>90,561</u>

(Continued)

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

SUPPLEMENTARY SCHEDULE OF GOVERNMENTAL FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 1999

	Federal CFDA #	Revenue on Accrual Basis
Children's Hospital, Ryan White Title IV		
- Child Day Care	93.153	400
- Child Residential Care	93.153	30,407
		<u>30,807</u>
Department of Education-School Food Service		
- Child Residential Care	10.558	<u>199,420</u>
Department of Housing and Urban Development, Supportive Housing Grant		
- Transitional Housing	14.235	59,640
- Emergency Shelter Care	14.235	191,038
- Child Day Care	14.235	88,583
- Adult Residential Care	14.235	57,600
		<u>396,861</u>
Department of Health and Hospitals - Office of Public Health		
- Immigrant/Refugee Services	93.576	<u>57,688</u>
United Way Emergency Food/Shelter Program		
- Emergency Assistance	83.523	15,290
- Emergency Shelter Care	83.523	16,589
- Domestic Violence	83.523	7,110
		<u>38,989</u>
New Orleans Ryan White Title I Comprehensive AIDS Planning Council - City of New Orleans		
- AIDS Services	93.914	<u>169,415</u>
U.S. Department of Agriculture - Homeless Children Nutrition Program		
- Emergency Shelter Care	10.573	19,090
- Domestic Violence	10.573	5,243
		<u>24,333</u>
Louisiana Commission Law Enforcement Assistance Administration, Legal Assistance Program		
- Domestic Violence	16.575	<u>119,176</u>
Miscellaneous Grants	10.558	<u>25,553</u>
TOTAL GOVERNMENTAL FINANCIAL ASSISTANCE		<u>\$ 14,046,180</u>

(Concluded)

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

NOTES TO SUPPLEMENTARY SCHEDULE OF GOVERNMENTAL FINANCIAL ASSISTANCE YEAR ENDED JUNE 30, 1999

1. BASIS OF PRESENTATION

The accompanying Schedule of Governmental Financial Assistance has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Agency has met the cost reimbursement or funding qualifications for the respective grants. The dollar threshold used to distinguish between Type A and Type B programs was \$421,385.

Catholic Charities Archdiocese of New Orleans receives a substantial portion of its funding in the form of governmental financial assistance which is passed through the State of Louisiana. The State is required to report the amount of federal and state dollars it passes to Catholic Charities Archdiocese of New Orleans. However, the State is not able to supply this information. Also, Catholic Charities Archdiocese of New Orleans' accounting system does not maintain separate expense accounts by funding source which details federal and state expenditures. Due to the lack of information, a determination of what dollars are being spent (i.e., government funds, United Way funds, contributions, etc.) cannot be made. Due to these circumstances, a supplementary schedule of expenditures of federal awards cannot be compiled. As a result, a schedule of governmental financial assistance is prepared every year.

2. PAYMENTS TO SUBRECIPIENTS

There were no payments to subrecipients for the fiscal year ended June 30, 1999.

3. CFDA NUMBERS

Contract or catalog of Federal Domestic Assistance (CFDA) Numbers are presented for all individual awards scheduled, where applicable. CFDA Numbers were not available for certain state agency funding sources.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 1999

SUMMARY OF THE AUDITORS' RESULTS

- An unqualified opinion was issued on the financial statements of the auditee.
- The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses is not applicable.
- The audit disclosed no instances of noncompliance that were material to the financial statements of the auditee.
- The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses is not applicable.
- An unqualified opinion was issued on compliance for major programs.
- The audit disclosed a finding which is required to be reported under Section 510(a) of Circular A-133 as disclosed in the Schedule of Findings and Questioned Costs related to governmental financial assistance as indicated below.
- Major programs for the fiscal year ended June 30, 1999 were:
 1. Department of Social Services - Office of Community Service (CFDA #93.667, 93.566, 93.674)
 2. Department of Health and Hospitals - Office of the Secretary (CFDA #93.778)
 3. Department of Public Safety and Corrections - Office of Youth Development (CFDA #93.Unknown)
 4. Total Community Action (CFDA #93.600)
 5. Catholic Charities Archdiocese of New Orleans receives a substantial portion of its funding in the form of governmental financial assistance which is passed through the State of Louisiana. The State is required to report the amount of federal and state dollars it passes to Catholic Charities Archdiocese of New Orleans. However, the State is not able to supply this information. Also, Catholic Charities Archdiocese of New Orleans' accounting system does not maintain separate expense accounts by funding source which details federal and state expenditures. Due to the lack of information, a determination of what dollars are being spent (i.e., government funds, United Way funds, contributions, etc.) cannot be made. Due to these circumstances, a supplementary schedule of expenditures of federal awards cannot be compiled. As a result, a schedule of governmental financial assistance is prepared every year.
- The dollar threshold used to distinguish between Type A and Type B programs was \$421,385.
- The auditee did qualify as a low-risk auditee.

SCHEDULE OF FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 1999.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO GOVERNMENTAL FINANCIAL ASSISTANCE

99-1 Hearing, Vision and/or Health Screenings

Condition

In examining twenty-five participants' eligibility at a Child Day Care program, we noted twenty-one instances where the participants' records did not contain hearing, vision and/or health screenings within forty-five days after entering the program.

Criteria

The Head Start program requires the Agency to provide health and development screenings for all participants within forty-five days after the start of the program or within forty-five days after the child enters the program.

Effect

The Agency did not provide necessary health screenings within the time frame required by Total Community Action due to the lack of availability of doctors who are mandated to perform the screenings within the forty-five day time frame.

Cause

Although the Agency has procedures for adhering to the performance standards of the program, it appears that in some instances the program does not provide the required screenings timely.

Recommendation

We recommend the Agency adhere to its policies and procedures by providing the required screenings of participants within the required time frame.

Management's Response

Total Community Action (TCA) requires health and vision screenings within forty-five days of a child's entry into a Headstart day care program and most children selected did not meet this requirement. With the exception of three children, all eligible participants had the required screenings but not within the forty-five day time limit. TCA offers referrals for these screenings, to a limited list of examiners, during the month of September. If a child comes into the program at sometime other than the start of the day care year, it is the responsibility of the parent to obtain these screenings. Unfortunately, it is difficult to enforce this timetable on the parents after the child is already in the program as there is no formal mechanism for follow-up and enforcement of this requirement.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS

STATUS OF PRIOR YEAR AUDIT FINDINGS YEAR ENDED JUNE 30, 1999

Finding 98-1 - Hearing, Vision and/or Health Screenings

We noted seven instances where participants in the Head Start program did not receive hearing and/or vision screenings within forty-five days after entering the program.

Status

As noted in the accompanying Schedule of Findings and Questioned Costs, instances were noted in the current year where the Program did not receive hearing and/or vision screenings within the required time period.